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ABSTRACT

This is a report on the 2001 audit of Texas' public community, junior, and technical colleges. The audit was administered to make funding adjustments for the difference between the colleges' estimated and actual contact with students. It analyzes enrollment data submitted by each public two-year college. The report states that each institution is allowed an error rate of two percent, based on the established funding formula. It also states that funding adjustments are mandatory for the spring semester for every college. Results show that the Texas Higher Education Coordinating Board can return approximately $600,000 to the General Higher Education Revenue Fund because the estimated contact hours for public community, junior, and technical colleges exceeded the actual contact hours. Nineteen colleges (37%) overestimated their spring 2001 semester contact hours, while 32 colleges (62%) underestimated their spring 2001 semester contact hours. The report provides a table with specific adjustment calculations for every two-year college. It also includes information on a Texas Web-based guide to help ensure accurate community, junior, and technical college enrollment data reporting. (MKF)

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State Auditor's Office

Lawrence F. Alwin, CPA
State Auditor

A Review of

Enrollment Reporting by Texas Public Community/Junior and Technical Colleges

December 5, 2001

Members of the Legislative Audit Committee:

Based on our analysis of public community/junior and technical colleges 2001 Spring semester estimated versus actual contact hours, the Higher Education Coordinating Board (Coordinating Board) can return a total of $599,822 to the General Revenue Fund. This adjustment is mandatory because Spring 2001 estimated contact hours for community/junior and technical colleges exceeded the actual contact hours. Timing differences between the initial funding allocations and the availability of actual contact hour data necessitates this biennial adjustment.

Overall, enrollment data for the base year (Summer and Fall 2000 and Spring 2001) did not contain excessive errors that would necessitate additional funding adjustments. Specifically, based on the errors that colleges self-reported to the State Auditor's Office, actual enrollment data for formula funding purposes are accurate within the two percent error rate allowed by the Legislature.

The State Auditor's Office did not perform an independent verification of college enrollment data this cycle because the risk of identifying inaccurate data exceeding the allowable two percent error rate has historically been low. (We will reevaluate this risk during the next biennium.) Instead, the State Auditor's Office is preparing a new Web-based guide, *Ensuring Accurate Community/Junior and Technical College Enrollment Data*, to help colleges identify ways to reinforce the accuracy of their enrollment data reported for funding purposes.

Spring 2001 Estimated Contact Hours Adjustments

For the Spring 2001 contact hour data, the General Appropriations Act requires the Coordinating Board to make funding adjustments for the difference between a college's estimated and actual contact hours. The Coordinating Board makes any mandatory funding adjustment after receiving actual contact hour information. In addition to returning $599,822 to the General Revenue Fund, the Coordinating Board will also redistribute $2.9 million from colleges that overestimated their spring enrollment to colleges that underestimated their spring enrollment.

Enrollment Review Overview

The General Appropriations Act specifies that the accuracy of enrollment data Texas public institutions of higher education submit for use in formula funding is subject to audit by the State Auditor's Office.

State appropriations to community/junior and technical colleges are determined primarily based on the contact hour data colleges submit.

The General Appropriations Act specifies that "calculation of revised appropriation amounts shall allow each institution an error rate of two percent of the total contact hour formula appropriations to that institution for the biennium."

Adjustments for spring semester estimates are mandatory for community/junior and technical colleges even if the error rate is less than two percent.

Self-Reported Errors

Net over-funding of community/junior and technical colleges based on self-reported errors totaled more than $2.1 million. However, all errors reported by colleges fell below the two percent allowable error rate. The 2002-2003 biennium appropriations were $1,680,685,516 based on contact hours for 50 community/junior college districts, 4 campuses of the Texas State Technical College System, and 3 Lamar University components. Collectively the colleges could have as much as $33.6 million in total net errors, yet still have remained under the two percent tolerance limit.

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Our Web-based guide, *Ensuring Accurate Community/Junior and Technical College Enrollment Data*, will be available January 2002. By highlighting the key fundamentals of enrollment data reporting, this guide will enhance management accountability in reporting accurate enrollment data. We encourage all colleges to use this guide.

If you have any questions, please contact Carol Noble, Audit Manager, at (512) 936-9500.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

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Attachment

Section 1

A Total of $599,822 Can Be Returned to the General Revenue Fund Due to Overestimates of Reported Spring 2001 Enrollment Data

The General Appropriations Act requires the Higher Education Coordinating Board (Coordinating Board) to make funding adjustments when actual contact hour information is available. For the review period (Summer 2000, Fall 2000, and Spring 2001), the net funding adjustment for all community/junior and technical colleges is $599,822 in over-funding.

Nineteen community/junior and technical colleges (37 percent) overestimated their Spring 2001 semester contact hours, which resulted in over-funding of $3,587,716. Thirty-two community/junior and technical colleges (62 percent) underestimated their Spring 2001 semester contact hours, which resulted in under-funding of $2,987,893. One college's estimated Spring 2001 semester contact hours equaled its certified hours.

Under-funded colleges are eligible to receive an adjustment from the total over-funded hours recovered.

Table 1 contains the necessary funding adjustment amounts for each college.

Table 1

2001 Spring Semester Estimate Adjustment Calculations for Colleges

Institution/District	Biennial Over-Reported Amounts	Biennial Under-Reported Amounts
Alamo Community College District		$105,857
Alvin Community College		$24,172
Amarillo College	($24,633)	
Angelina College	($46,366)	
Austin Community College	($109,165)	
Blinn College		$1,651
Brazosport College	($92,326)	
Central Texas College		$35,196
Cisco Junior College	($8,639)	
ClarendonCollege[a]		
Coastal Bend College		$1,894
College of the Mainland		$114,666
Collin County Community College District		$99,054
Dallas County Community College District	($500,588)	
Del Mar College	($42,350)	
El Paso Community College District	($77,760)	
Frank Phillips College		$28,966
Galveston College	($51,488)	

Table 1

2001 Spring Semester Estimate Adjustment Calculations for Colleges		
Institution/District	Biennial Over-Reported Amounts	Biennial Under-Reported Amounts
Grayson County College		$14,008
Hill College		$21,412
Houston Community College	($2,061,889)	
Howard College		$478,770
Kilgore College	($247,885)	
Lamar System		$699,579
Laredo Community College		$82,172
Lee College		$68,851
McLennan Community College		$86,536
Midland College		$112,448
Navarro College		$6,308
North Central Texas College	($6,642)	
North Harris Montgomery Community College District		$217,985
Northeast Texas Community College		$5,230
Odessa College	($218,810)	
Panola College	($8,546)	
Paris Junior College		$36,464
Ranger College	($7,038)	
San Jacinto College District		$27,627
South Plains College	($20,722)	
South Texas Community College		$187,516
Southwest Texas Junior College		$49,591
Tarrant County College District		$86,039
Temple College	($12,568)	
Texarkana College		$141,226
Texas Southmost College		$31,293
Texas State Technical College	($20,667)	
Trinity Valley Community College		$20,881
Tyler Junior College		$132,321
Vernon Regional Junior College		$8,959
Victoria College		$4,570
Weatherford College		$34,505
Western Texas College	($29,634)	
Wharton County Junior College		$22,146
TOTAL	($3,587,716)	$2,987,893

[a] Clarendon College's estimated contact hours equaled its certified hours.

Source: Higher Education Coordinating Board

The State Auditor's Office performs adjustment calculations to assist the Coordinating Board in determining over- and under-funding. Rider 7, the General Appropriations Act (77th Legislature) specifies that "Adjustments shall be made to appropriated amounts in accordance with adjustments of estimated contact hours to actual certified contact hours, even if the total error rate is less than two percent of the total contact hour formula amount appropriated to that institution for the biennium. No college shall have dollar amounts adjusted below $2,318,375."

Appropriations are calculated using the number of contact hours taught during the base period. Since the Coordinating Board requests contact hour information before colleges can get an accurate count, the hours used to calculate funding for the Spring 2001 semester are estimated. The Coordinating Board makes funding adjustments after actual contact hour information is available.

Section 2

Colleges' Self-Reported Error Amounts Are Within the Allowable Error Rate

Community/junior and technical college self-reported errors in certified contact hour data are within the two percent error rate allowed by Rider 7, page III-192, the General Appropriations Act (77th Legislature). Therefore, no funding adjustments are necessary. Rider 7 specifies that "The calculation of revised appropriation amounts shall allow the institutions an error rate of up to two percent of the total contact hour formula appropriations to that institution for the biennium."

The State Auditor's Office asks colleges to provide known errors in their certified enrollment data. This provides colleges an opportunity to make corrections to their contact hours after certifying them to the Coordinating Board.

Forty-four colleges (85 percent) overstated base period contact hours equal to $2,319,099 in over-funding, while three colleges (6 percent) understated base period contact hours equal to $177,553 in under-funding. Five colleges (9 percent) reported that they had no errors. In total, colleges self-reported $2,141,546 in net over-funding. All errors reported fell within the two percent allowable error rate.

Table 2 on the following page contains information for each college's self-reported errors.

Table 2

Community/Junior and Technical College Self-Reported Enrollment Error Amounts			
Institution/District	Two Percent Allowable Error Amount	Total Biennium Over and Under Self-Reported Error Amount	Self-Reported Errors as a Percentage of Total Biennium Appropriation
OVER-REPORTING COLLEGES			
Alamo Community College District	$2,406,229	($63,271)	-0.05%
Alvin Community College	$328,668	($11,304)	-0.07%
Amarillo College	$699,642	($30,737)	-0.09%
Angelina College	$328,707	($32,387)	-0.20%
Blinn College	$802,477	($26,918)	-0.07%
Brazosport College	$250,521	($17,082)	-0.14%
Central Texas College District	$719,727	($2,992)	-0.01%
Cisco Junior College	$176,926	($9,037)	-0.10%
Coastal Bend College	$281,305	($1,164)	-0.01%
College of the Mainland	$254,048	($9,630)	-0.08%
Collin County Community College District	$871,527	($11,589)	-0.03%
Dallas County Community College District	$3,449,762	($701,498)	-0.41%
Del Mar College	$763,928	($67,960)	-0.18%
El Paso County Community College District	$1,290,477	($13,549)	-0.02%
Frank Phillips College	$97,476	($28,928)	-0.59%
Galveston College	$211,371	($4,350)	-0.04%
Grayson County College	$255,443	($81,407)	-0.64%
Hill College	$199,647	($509)	-0.01%
Kilgore College	$457,554	($2,229)	-0.01%
Lamar System	$536,649	($515)	0.00%
Laredo Community College	$508,131	($1,727)	-0.01%
McLennan Community College	$461,375	($28,246)	-0.12%
Midland College	$338,030	($37,449)	-0.22%
Navarro College	$357,070	($17,068)	-0.10%
North Central Texas Community College District	$294,943	($7,338)	-0.05%
North Harris Montgomery College District	$1,562,916	($348,457)	-0.45%
Northeast Texas Community College	$142,127	($7,358)	-0.10%
Odessa College	$353,343	($5,227)	-0.03%
Panola College	$143,125	($1,086)	-0.02%
Paris Junior College	$258,368	($3,031)	-0.02%
San Jacinto College District	$1,469,883	($37,246)	-0.05%
South Plains College	$536,008	($14,457)	-0.05%
South Texas Community College	$778,539	($265,601)	-0.68%
Southwest Texas Junior College	$248,570	($46,833)	-0.38%

Table 2

Community/Junior and Technical College Self-Reported Enrollment Error Amounts			
Institution/District	Two Percent Allowable Error Amount	Total Biennium Over and Under Self-Reported Error Amount	Self-Reported Errors as a Percentage of Total Biennium Appropriation
Tarrant County Junior College District	$1,609,120	($57,205)	-0.07%
Temple Junior College	$252,492	($16,860)	-0.13%
Texas State Technical College-System	$1,693,910	($214,012)	-0.25%
The Victoria College	$303,324	($8,256)	-0.05%
Trinity Valley Community College	$420,624	($9,839)	-0.05%
Tyler Junior College	$647,836	($20,432)	-0.06%
Vernon Regional Junior College	$224,533	($9,948)	-0.09%
Weatherford College	$214,398	($27,307)	-0.25%
Western Texas College	$111,451	($758)	-0.01%
Wharton County Jr. College	$323,335	($16,302)	-0.10%
TOTAL OVER-REPORTING COLLEGES		**($2,319,099)**	
UNDER-REPORTING COLLEGES			
Houston Community College System	$2,665,653	$116,392	0.09%
Howard County Junior College	$310,122	$57,013	0.37%
Texarkana College	$359,951	$4,148	0.02%
TOTAL UNDER-REPORTING COLLEGES		**$177,553**	
TOTAL NET ERROR AMOUNTS		**$2,141,546**	
SCHOOLS REPORTING ZERO ERRORS			
Austin Community College	$1,547,175		
Clarendon College	$92,735		
Lee College	$444,200		
Ranger College	$92,735		
Texas Southmost College	$465,605		

Source: Individual Community/Junior and Technical Colleges

Section 3:

The State Auditor's Office Has Developed A New Web-Based Guide to Help Ensure Accurate Community/Junior and Technical College Enrollment Data

The State Auditor's Office is preparing a new Web-based guide, *Ensuring Accurate Community/Junior and Technical College Enrollment Data*, to help colleges identify ways to improve the accuracy of their enrollment data reported for funding purposes.

Using this guide will help colleges reinforce the accuracy of enrollment data they submit to the Coordinating Board. By highlighting the key fundamentals of

enrollment data reporting, this guide will enhance management's understanding of its responsibility to report accurate enrollment data. We encourage all colleges to use this guide.

The guide updates a previously printed State Auditor's Office report, *Community/Junior and Technical College Enrollment Audit Guide* (SAO Report No. 97-070, July 1997) and includes information on contact hour reporting and auditing computer-processed data. It also contains Web links to applicable rules and regulations. The guide will be made available January 2002 through the State Auditor's Office Web site at www.sao.state.tx.us.

Objective, Scope, and Methodology

Objective

The objective of this biennial review was to enhance accountability with regard to a college's reporting and to develop guidelines for reporting and self-auditing.

Public institutions of higher education must report enrollment data according to the requirements of the Coordinating Board, Article III of the General Appropriations Act, and the Texas Education Code.

Scope

The scope of this review focused on community/junior and technical college contact hour data for the Summer 2000, Fall 2000, and Spring 2001 semesters. Colleges are allowed a two percent error rate for the contact hours reported. We limited the calculation of the total amount of dollars in error for each college to self-reported errors. We did not audit the accuracy of self-reported errors. In addition, we calculated an adjustment for spring semester estimated contact hours based on the actual contact hours submitted by colleges.

Methodology

The review methodology included:

- Reviewing community/junior and technical college self-reported errors in contact hour data.
- Calculating potential funding adjustments because of inaccurately reported contact hour data.
- Comparing community/junior and technical colleges' actual spring semester contact hours to estimated spring semester contact hours to determine the funding adjustments necessary because of inaccurate spring semester estimates.

- Preparing a guide for colleges to assist them in self-auditing enrollment data reported for funding purposes.

The information used in this report has not been subjected to the tests and confirmations performed in an audit.

Background Information

State funding of higher education programs for public community/junior and technical colleges is provided from the State's General Revenue Fund. The 2002-2003 biennium appropriations based on contact hours were $1,680,685,516 for community/junior and technical colleges. The Legislative Budget Board, Coordinating Board, and the Comptroller of Public Accounts are involved in the distribution of appropriations to the individual colleges. The State provided funding to 50 community/junior college districts, 4 campuses of the Texas State Technical College System, and 3 Lamar University components during the 2002-2003 biennium.

The formula for community/junior and technical college funding involves multiplying base period contact hours a college submits in its request for appropriations by the applicable funding rates per contact hour. Contact hour rates per program are set by the Coordinating Board based on a cost study of community/junior college program expenditures.

To be eligible for state funding, community/junior and technical colleges must comply with the rules and regulations of the Coordinating Board, requirements of the General Appropriations Act, and the Texas Education Code.